

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1868 - HB 1925

February 3, 2022

SUMMARY OF BILL: Makes various changes to the *Travel Insurance Producer Limited License Act*. Broadens the definition of *travel insurance*. Defines a *travel administrator*. Requires a travel insurer to pay the premium tax on travel insurance premiums paid by certain policyholders, document the state of residence, or principal place of business, of the policyholder or certificate holder, and report as premium only the amount allocable to travel insurance, not including amounts received for travel assistance services or cancellation fee waivers. Authorizes the sale of certain travel protection plans. Expands the rules and regulations related to the selling of travel insurance. Establishes that travel insurance marketed directly to a consumer through an insurer's website is not an unfair trade practice or other violation of law, if the consumer has access to the full provisions of the policy through electronic means.

FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Pursuant to Tenn. Code Ann. § 56-4-201 every domestic or foreign insurance company writing life, fire, marine, fidelity, surety, casualty, liability, or other forms of insurance shall pay directly to the Commissioner of Commerce and Insurance the taxes as provided for in this part.
- Pursuant to Tenn. Code Ann. § 56-4-205(a)(1)(A) all insurance companies writing the forms of insurance enumerated in Tenn. Code Ann. § 56-4-201 must pay 2.5 percent on gross premiums paid by or for policyholders residing in this state or on property located in this state.
- The Department of Commerce and Insurance confirms that travel insurance writers already pay a premium tax for travel insurance products and that the department is collecting such revenue.
- There is not anticipated to be a significant impact to the number of travelers that will elect to obtain travel insurance or to the amount of premium taxes collected as result of the proposed legislation.
- Any significant impact of the provisions of the proposed legislation will be borne by consumers and travel insurance producers and will not result in significant impact to state or local government.

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IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumptions:

- Broadening the definition of coverage for travel insurance could increase the number of claims paid out by travel insurance companies, however any increase to expenditures is estimated to be offset by increasing the premiums for consumers who elect to purchase travel insurance coverage.
- The overall net impact to commerce and jobs in Tennessee is not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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